

## Message Text

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ACTION NEA-10

INFO OCT-01 IO-13 ISO-00 ERDA-05 AID-05 CEA-01 CIAE-00  
CIEP-01 COME-00 DODE-00 EB-08 FEAE-00 FPC-01 H-01  
INR-07 INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-04  
USIA-06 OES-06 SP-02 SS-15 STR-04 TRSE-00 ACDA-07  
/111 W

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R 231308Z FEB 77  
FM AMEMBASSY CAIRO  
TO SECSTATE WASHDC 2015  
INFO AMEMBASSY TEL AVIV  
AMCONSUL JERUSALEM  
USMISSION USUN NEW YORK

C O N F I D E N T I A L CAIRO 3186

T.O. 11652: GDS  
TAGS: ENRG, PFOR, EG, US, IS  
SUBJECT: EGYPTIAN OIL CONCESSION IN SINAI BUFFER ZONE

REF: (A) 76 CAIRO 16748 (NOTAL), (B) 76 CAIRO A-144 (NOTAL)

1. COY SQUIRES, MANAGER CONOCO'S EGYPTIAN EXPLORATION  
EFFORT, CALLED ON AMBASSADOR FEBRUARY 22 TO DISCUSS  
COMPANY'S NEGOTIATIONS WITH GOE FOR EXPLORATION AND  
PRODUCTION RIGHTS IN THREE CONCESSION BLOCKS IN  
SINAI BUFFER ZONE (REF B). QUESTION HAS ARISEN,  
ACCORDING TO QUIRES, OF ACCESS TO BUFFER ZONE. ISSUE  
IS OF SOME IMPORTANCE, SINCE CONOCO MUST PAY  
EXPLORATION BONUS AS SOON AS CONCESSION AREA IS DECLARED  
OPEN. MORE IMPORTANT, HOWEVER, COMPANY WANTS TO ASSURE  
THAT IT WILL BE ABLE TO HAVE ACCESS ONCE AGREEMENT IS  
SIGNED REGARDLESS OF LANGUAGE USED TO PROTECT  
ITS COMMITMENTS.

2. EGPC NEGOTIATORS TAKE POSITION THAT EGYPTIAN  
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SOVEREIGNTY OVER SINAI IS INDISPUTABLE. THEY ALSO  
CLAIM THEY HAVE RAISED MATTER WITH UN AND ASSURE  
CONOCO ACCESS CAN BE ARRANGED. CONOCO, WHILE NOT  
QUESTIONING EGYPTIAN SOVEREIGNTY, IS SKEPTICAL OF  
EGYPTIAN CLAIM. IT IS NOT SURE THAT GOE HAS IN FACT  
APPROACHED UNEF TO REQUEST ACCESS FOR CONOCO. CONOCO  
BELIEVES THAT, IN ADDITION GOE APPROVAL, UNEF AND

USG ACQUIESCENCE SHOULD ALSO BE OBTAINED BEFORE EXPLORATION/PRODUCTION AGREEMENT BECOMES OPERATIVE. CONOCO HAS NOT CONSIDERED IT APPROPRIATE APPROACH UNEF DIRECTLY ON THE SUBJECT. HOWEVER, SINCE CONOCO WOULD LIKE TO WRAP UP NEGOTIATIONS IN EARLY MARCH, SQUIRES CAME IN TO SEEK OUR COUNSEL.

3. AMBASSADOR RECALLED THAT SOME MONTHS AGO GOE WAS MAKING ACTIVE EFFORT TO ASSERT ITS SOVEIGNY IN BUFFER ZONE. UNEF AD POINTED OUT IT MUST AUTHORIZE ADMISSION TO ZONE. AS RESULT, ISSUE OF EGYPTIAN RIGHTS IN BUFFER ZONE REMAIN UNRESOLVED. WE UNDERSTAND GENERAL SIILASVUO SUBMITTED MATTER TO UNSYG WALDHEIM, BUT WE ARE NOT AWARE OF ANY RESPONSE. AMBASSADOR CAUTIONED SQUIRES NOT TO ALLOW CONOCO TO BE PUSHED OUT FRONT BY THE EGYPTIANS TO FIGHT THEIR BATTLE. AMOCO INCIDENT IN GULF OF SUEZ HAD BEEN AN INSTANCE OF GOE EFFORT TO INVOLVE USG BY PUTTING AN AMERICAN COMPANY OUT FRONT AND THEN CONTENDING USG SHOULD ACT TO PROTECT ITS COMMERCIAL INTEREST. AMBASSADOR EXPRESSED PERSONAL VIEW THAT CONOCO SHOULD INSIST THAT IT IS GOE RESPONSIBILITY TO OBTAIN UNEF APPROVAL FOR THE COMPANY TO ENTER THE ZONE AND UNDERTAKE EXPLORATION. IF IT WOULD BE HELPFUL TO SQUIRES, WE MIGHT TRY TO SOUND OUT SIILASVUO RE CURRENT UNEF POSITION RE AFFORDING ACCESS TO AMERICAN COMPANIES WITH EGYPTIAN CONCESSION RIGHTS IN BUFFER ZONE. SQUIRES SAID HE WOULD APPRECIATE OUR DOING SO.

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4. COMMENT: WOULD APPRECIATE DEPT'S LATEST THINKING ON ABOVE PROBLEM. IN ADDITION TO CONOCO, GULF HAS OBTAINED EGYPTIAN CONCESSION WHICH OVER-LAPS BUFFER ZONE. UNLESS DEPT PERCEIVES OBJECTION, WOULD ALSO APPRECIATE AMCONSUL JERUSALEM MENTIONING ABOVE TO SIILASVUO AND OBTAINING HIS CURRENT THINKING ON MATTER OF ACCESS TO BUFFER ZONE BY AMERICAN OIL EXPLORATION COMPANIES ACTING IN BEHALF OF EGYPT. SHOULD SIILASVUO PLANE TO BE IN CAIRO NEXT FEW DAYS, AMBASSADOR WOULD LIKE TO DISCUSS MATTER DIRECTLY WITH HIM. WE UNDERSTAND THAT CONOCO VICE CHAIRMAN BAILEY WILL VISIT CAIRO FEBRUARY 28 AND IS EXPECTED RAISE SUBJECT WITH AMBASSADOR WHEN HE CALLS. EILTS

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## Message Attributes

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**Channel Indicators:** n/a  
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**Disposition Approved on Date:**  
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**Disposition Date:** 22 May 2009  
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**Reference:** 76 CAIRO 16748, 76 CAIRO A-144  
**Retention:** 0  
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**TAGS:** ENRG, PFOR, EG, US, IS, CONOCO  
**To:** STATE  
**Type:** TE  
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**Review Markings:**  
Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
22 May 2009  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009